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RUEHJI/AMCONSUL JEDDAH PRIORITY 1588  
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STATE FOR NEA, NEA/IPA, NEA/PPD

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COMSIXTHFLT FOR 019

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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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Israel Radio reported that yesterday, at the daily State Department briefing, Assistant Secretary of State Philip Crowley reiterated the U.S. view that Israeli construction in East Jerusalem is the type of issue that should be subject to permanent status negotiations, and that we are concerned that unilateral actions taken by the

Israelis or the Palestinians cannot prejudge the outcome of these negotiations. Q HaQaretz reported that PM Benjamin Netanyahu has instructed his aides not to comment on the tense relations between Israel and the U.S. over the issue, in a bid to defuse the situation. The media report that the U.S. is demanding a halt to the Shepherd Hotel residential construction project in East Jerusalem, and that remarks by Israeli officials -- especially Netanyahu -- on the issue caused tempers to flare within the Obama administration. In a private meeting, top American officials said they could not understand why details were leaked to the media. HaQaretz quoted a senior Israeli official who is in contact with the U.S. administration as saying: "The whole thing definitely didn't make them happy." Israel Radio quoted the London-based Al-Hayat as saying that a senior American source warned Israel against taking unilateral steps before the resumption of negotiations on a permanent status. The source was also quoted as saying that the U.S. is worried about Government of Israel leaks regarding Israeli moves in East Jerusalem.

State Department sources in Washington told HaQaretz yesterday that Ambassador Michael Oren, who yesterday presented his letter of accreditation to President Obama, was not summoned for a "talking-to," as some reports indicated. HaQaretz quoted the sources as saying that, on Thursday, Oren attended a previously scheduled meeting with Deputy Secretary of State for Management Jacob Lew. "The meeting dealt with at least eight different issues, the first of which was the presentation of Oren's letter of accreditation," a State Department source was quoted as saying. "The messages were routine, and one of them touched on the issue of East Jerusalem, and we expressed our concerns about the matter." However, HaQaretz quoted senior Jerusalem officials who maintain contact with Washington as saying that that the East Jerusalem issue came up in phone calls with Oren even before the Thursday meeting, and that it was clear that the matter would be raised there. These sources say it was a major topic of discussion.

HaQaretz reported that the IDF is drafting a plan to forcibly evacuate 23 illegal outposts -- populated by around 1,200 settlers -- in one day. The plan was formulated by the defense establishment, with Netanyahu's knowledge. In talks with the U.S., Israel had said it would clear out 23 outposts built after March 2001 that it had told the George W. Bush administration it would evacuate five years ago. So far as is known, a timetable has not been set for the evacuations. The media reported that yesterday police evacuated three illegal structures in various outposts. In response, settlers torched Palestinian olive groves (according to HaQaretz, at least 1,500 trees), threw stones at Palestinian cars and blocked roads around the West Bank. Two Palestinians were lightly hurt, as were a soldier and a settler. Five settlers were arrested.

The Jerusalem Post quoted Jordanian and Palestinian officials as saying yesterday that Jordanian authorities have started revoking the citizenship of thousands of Palestinians living in Jordan to avoid a situation in which they would be "resettled" permanently in the kingdom. The new measure has increased tensions between Jordanians and Palestinians, who make up around 70 percent of the kingdom's population. The tensions reached their peak over the weekend when tens of thousands of fans of Jordan's Al-Faisali soccer team chanted slogans condemning Palestinians as traitors and collaborators with Israel. The Jerusalem Post quoted Palestinians as saying that several Jordanian government officials are convinced that Netanyahu and FM Avigdor Lieberman are secretly working toward turning Jordan into a Palestinian state.

Israel Radio reported that Kadima Knesset Member Otniel Schneller, a former settler leader, has publicly criticized, in a letter to Jewish American communities, the influence of American Jews in the White House on its alleged negative attitude towards Israel. The Jerusalem Post reported that this week, in a letter addressed to American rabbinical organizations and the Conference of Presidents of Major American Jewish Organizations -- his first public declaration on settlements in the West Bank -- Chief Sephardi Rabbi Shlomo Amar called this week on American Jews to explain to the Obama administration the religious obligation of every Jew to live in every part of the Land of Israel. He was quoted as writing: QThe Torah commands the Jewish people to live in Israel. And we hear that the U.S. is putting pressure on the Israeli government to

prevent Jews from living or building their homes in large parts of the Land of Israel [i.e. Israel including the territories]. This is being done at a time when every person is allowed to live wherever he wishes to live in every area of the world, while here in Israel [Americans] want to create a [Palestinian] state in which it will be prohibited for Jews to live. And even expanding existing settlements is prohibited. We ask you to take advantage of your strength and power to influence the authorities in the U.S., that they should examine the issue with truly democratic criteria and to take into consideration the Torah and the Halacha [Jewish religious law] that obligate Jews to settle everywhere."

All media reported that yesterday investigators from the police national fraud squad announced that they will recommend that former PM Ehud Olmert be charged with fraud and breach of trust in making political appointments during his term as (Likud) industry, trade and labor minister. On the other hand, Attorney-General Menachem Mazuz announced yesterday that he was closing the corruption case against Olmert over the purchase of a house on Cremieux Street in Jerusalem, due to lack of sufficient evidence. The media quoted Olmert associates as saying that the apparent well-timed link between the two events is not a coincidence.

Former Israeli ambassador to the U.S. Sallai Meridor was quoted as saying in an interview with the Ynet news Web site that not only does the dispute between Israel and the U.S. adversely effect bilateral relations, but that it also impairs peace chances in the Middle East. In a critique of Netanyahu, Meridor was quoted as saying that while the U.S. is moving to the left, Israel is veering to the right.

HaQaretz reported that the GOI is considering confiscating privately-owned Palestinian land near the West Bank settlement of Ofra, contrary to Netanyahu's pledge during his Bar-Ilan speech not to take such actions. This announcement was made by the State Prosecutor, in response to a High Court petition filed by a resident of the West Bank town Ein Yabrud and the human rights association Yesh Din. The parties were seeking the demolition of a sewage treatment plant built illegally on the town's land by the Mateh Binyamin Regional Council. The announcement says that the state is considering turning the site into a regional sewage treatment plant that would serve both Ofra and the nearby Palestinian communities.

HaQaretz reported that the nationalist Ateret Cohanim organization --Q which runs a yeshiva -- has moved several Jewish families into a building in the Muslim Quarter of Jerusalem's Old City, where former prime minister Ariel Sharon owns an apartment. A HaQaretz examination found that, despite PM Netanyahu's claim this week that Jerusalem is an "open city" that permits all its inhabitants, Jewish and Palestinian, to purchase homes in both its eastern and western parts, Israel Lands Administration rules determine that East Jerusalem residents cannot take ownership of the vast majority of Jerusalem homes.

Israel Radio reported that, in a letter to UN Secretary-General Ban Ki-moon, Israel's Ambassador to the UN complained about two recent violations of UN Security Council 1701: the prevention by Hizbullah of a UNIFIL check of arms infringements in South Lebanon and the lack of UN intervention when Shi'ite demonstrators infiltrated the border at the Sheba Farms on Friday. The radio also reported that Israel complained about the performance of the UN Human Rights Council-appointed fact-finding mission to investigate international human rights and humanitarian law violations related to Operation Cast Lead, which is headed by Judge Richard Goldstone. HaQaretz and other media reported that the Lebanese Army has increased its presence in the Kafr Shuba and Sheba Farms area in South Lebanon, warning residents not to approach the border for fear that Israeli forces will fire upon them. HaQaretz says that local media reported that Israel had stepped up its military readiness levels in the region and deployed tanks and armored personnel carriers to the area.

HaQaretz reported that the Finance Ministry continues to deny that it has vetoed the use of guarantees provided to Israel by the USG in order to avoid an embarrassing announcement by the Obama administration that the guarantees had been used for investment in the territories "beyond the green line." The treasury was quoted as saying that it has no plan to utilize the guarantees in any case,

and that its considerations are solely economic ones. HaQaretz reported that, during a recent visit by Finance Ministry Director General Yoram Ariav to the U.S., Israel received a pledge for another \$670 million in guarantees, bringing the total amount of U.S. debt guarantee to \$2.7 billion. It is estimated that the U.S. administration could be expected to deduct between \$600 million and \$1 billion attributable to investments in the "territories" -- the West Bank (including East Jerusalem), Golan, and Gaza areas. Maariv quoted Shaikh Salman bin Hamad Al-Khalifa, Crown Prince of Bahrain, as saying in an interview with The Washington Post that the Arabs have not done enough to hold contacts with Israelis. The newspaper noted that this is an exceptional statement from a member of the Arab League and that it challenges the League's stance that Israel should not be approached before it withdraws from the territories.

HaQaretz quoted the Foreign Ministry as saying that FM Lieberman's QlandmarkQ visit to South America -- Brazil, Argentina, Peru, and Colombia -- is aimed at helping curb Iranian influence there. HaQaretz reported that Valter Pomar, secretary of international relations for Brazil's ruling Workers Party told the newspaper that "Lieberman is a racist and a fascist. The Brazilian left is organizing protests against him and against the policy he represents." HaQaretz quoted the leader of Brazil's Jewish community as saying that the visit is needed to "reverse exactly such attitudes." The newspaper quoted a spokesman for the Brazilian FM as saying that "Pomar's view certainly does not represent the government's position." The Jerusalem Post noted that Lieberman will miss Special Envoy George Mitchell and Defense Secretary Robert Gates' visits. The Post writes that Lieberman essentially QdisengagedQ from the U.S.-led diplomatic process earlier this month, when he said it would be a conflict of interest for someone who lives in the settlement of Nokdim to deal with the future of the settlements.

Maariv reported that 100 Israeli Jews convert to Islam every year.

HaQaretz described developments in the long-standing dispute among the various branches of the Israeli intelligence community involving boundaries and distribution of authority.

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Mideast:  
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Block Quotes:  
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#### I. "The Old Bibi's Back"

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz (7/21): QIt seems like the QBibiQ of old has come back to edge aside the balanced, responsible, politically central QnewQ Benjamin Netanyahu.... Netanyahu is not the only one binding himself with rigid statements. The Palestinian Authority Chairman does so too. Mahmoud Abbas has reiterated his commitment to the refugees' right of return. What happened to the two leaders?

Perhaps they're bracing for the American peace plan, expected in about two months, and trying to block internal pressure on the core issues.... Netanyahu and Abbas, despite their disconnect, are trying to influence Obama's peace plan.... Next week will be crucial to Israel's relations with Obama, when envoys George Mitchell, Secretary of Defense Robert Gates, and National Security Advisor Jim Jones. Their visits show that Israel is not a pariah in Washington and that the administration wants to reach an understanding with Netanyahu, despite the argument over freezing the settlements. But the real test will be around the presentation of Obama's plan, and when it is revealed how much energy he intends to invest in pushing it.QII. "Why the President Disappoints"

Contributor and conservative international Jewish leader Isi Leibler wrote in the independent Israel Hayom (7/21): Q[President Obama] continues to stress his commitment to Israel's tranquility and well-being, and his admiration for U.S. Jewry, but happenings prove otherwise. Beyond the congenial masks, his policy reflects an unprecedented deterioration in U.S.-Israel relations. It looks as if the worst is still ahead.... [Obama's] Cairo speech is part of his well thought-of policy to reconcile with the Arabs by toughening

stances vis-à-vis Israel.... Obama's demands are bigger than those called for by Arafat during the negotiations over the Oslo Accords.... The U.S. Jews must not shut up. By urging Obama not to abandon Israel, they will also promote American national interests. There is no example in history of success created by appeasing jihadists and tyrants.

### III. "One City. One State"

Conservative Op-Ed Page Editor Ben-Dror Yemini wrote in the popular, pluralist Maariv (7/21): QJerusalem residents can buy apartments anywhere in the city, Benjamin Netanyahu said just two days ago.... It is the right of every Jew to live anywhere in the Land of Israel, Minister [Moshe] QBugiQ YaQalon told the Knesset a few weeks ago.... [But] the logic of Netanyahu and YaQalon, which they used to appeal to the international community, can also be used the other way around. If it is the right of a Jew to live anywhere, Jerusalem or Hebron, then it is also the Arab's right. What did Netanyahu mean to tell the Americans exactly? That he was restricting this right to Jews?.... Those who support the right of Jewish return to areas populated by Arabs, basically support the Palestinian right of return to Jewish population centers in Israel. Netanyahu and YaQalon are showing the way.

### IV. "Start with the Outposts"

Senior columnist and longtime dove Yoel Marcus wrote in Ha'aretz (7/21): QThe U.S. administration's body language toward Israel is changing for the worse. The consideration, sympathy and esteem American presidents have toward Israel are not what they used to be, at least not since Obama's election. Even when their presidents and our prime ministers loathed each other, like Menachem Begin and Jimmy Carter for example, it did not stop them from working together to achieve a peace treaty.... Anyone who thinks we'll exhaust the Americans is wrong. Why? Because the conflict requires the Americans to choose sides. Each choice has a price tag.... The Obama administration's attitude toward us is becoming increasingly formal. They focused the conflict mainly on the settlements, as though if this problem were solved the entire conflict would be solved and 100 years of hatred would disappear in a blink of an eye. As though the building of one additional room for a family who had twins will determine whether or not there is peace. Political deadlock in the Middle East produces terror. A political standstill here also weakens Obama, who must solve the Iranian threat.... Obama is expected to present his plan in September. Before we submit all our conditions and demands from the Palestinians, it's important for Israel to implement all the things it has undertaken to do. One fine day it must dismantle all 23 illegal outposts forcibly. Not for Jerusalem, not for the Palestinians and not for Obama -- but for our image as a law-abiding state.

### V. QLend an Ear to QBreaking the Silence

Prominent liberal author A. B. Yehoshua wrote in the mass-circulation, pluralist Yediot Aharonot (7/21): QThe accounts given by the soldiers to Breaking the Silence [an organization that collects IDF soldiers' testimony on human rights abuses by the military] ought to be listened to attentively and seriously, and they ought to be examined individually in order to learn lessons for the future. Even if some of the accounts prove to be exaggerated, we still need to honor the motivation that prompted those soldiers to air them. After all, none of them thought they stood to gain anything personally by doing so. On the contrary, their civic courage is liable to tax them in the form of possible hostility from their comrades in arms and the public.... It behooves us to keep a fundamental truth in mind: the methods of warfare with the enemy do not remain outside the borders of Israel, but seep into Israel.... The rules of the struggle with the Palestinians must be carefully adhered to since they have been and are going to be our neighbors forever.

CUNNINGHAM